EDD Serving
the People
of California

Employment Development Department

EXPLANATION SHEET AND WORKSHEET FOR THE VOLUNTARY UI CONTRIBUTIONS NOTICE (DE 2088A)

Eligible employers may make a Voluntary Unemployment Insurance (VUI) contribution to their Unemployment Insurance (UI) reserve account for the purpose of reducing their UI contribution rate level for the year. This is not a prepayment, but an additional payment which is added to your contributions used to calculate your UI rate. This is a voluntary program and may not necessarily provide your company with a savings for the year. To determine if it will result in a savings for you, we have provided a worksheet on page 2. *ONLY YOU CAN DECIDE IF A VUI PAYMENT IS FINANCIALLY ADVISABLE FOR YOUR COMPANY*. The instructions for using the worksheet are below. If you elect to make a VUI payment complete the lower portion of the DE 2088A and return it, along with your payment to the address shown. If a VUI payment will not result in a savings or you feel it is not to your advantage, please disregard this form. If your rate is lowered by a VUI payment, you will receive a new Notice of Contribution Rates and Statement of UI Reserve Account, DE 2088, reflecting the lower rate.

BEFORE MAKING A VOLUNTARY UI CONTRIBUTION, CONSIDER THE FOLLOWING:

- A voluntary UI contribution is an additional payment rather than a prepayment. You cannot take credit for voluntary UI contributions on any Federal Unemployment Taxation Act (FUTA) tax return, or Annual Reconciliation Statement (DE 7).

- Voluntary UI contributions are not refundable.

- "If you have an existing liability with the department and subsequent to this notice you become ineligible to participate, we will apply your payment to the existing liability."

- "If your payment is not for one of the exact amounts shown on the DE 2088A, it will be either applied to any outstanding liabilities or refunded to you."

- A voluntary UI contribution may not reduce your annual UI costs.

INSTRUCTIONS FOR COMPLETING THE WORKSHEET

1. Determine your projected taxable payroll for the next year (i.e.: 3 employees times the taxable wage limit for the year $7,000 equals $21,000). Multiply your projected taxable payroll times your assigned UI rate, shown on the enclosed DE 2088*A* (i.e.: $21,000 x 3.0% = $630.00). The resulting figure is your projected cost for UI contributions over the next year.

2. To determine if making a VUI payment will reduce your projected UI costs for the year, multiply your projected taxable payroll by the next lower rate shown on the *DE 2088A* (i.e.: $21,000 x 2.8% = $588.00), then add the VUI figure, shown on the DE 2088A, needed to reduce the rate by one level (i.e.: $588.00 + $6.65 = $594.65). Subtract this figure from your previously calculated projected UI costs for the year ($630.00 - $594.65 = $35.35) to determine if you will realize a savings at the end of the year.

3. To determine if making the second level VUI payment will reduce your projected UI costs for the year, repeat the process using the *next lower level shown on the DE 2088A* (i.e.: 2.6%). In this example it would not be a savings ($21,000 x 2.6% = $546.00 + $144.32 = $690.32 versus $630.00).

4. To determine if making the *third* level VUI payment will reduce your projected UI costs for the year, repeat the process using the *third lower level shown on the DE 2088A* (i.e.: 2.4%). In this example it would not be a savings ($21,000 x 2.4% = $504.00 + $281.98 = $785.98 versus $630.00).

EXAMPLE VOLUNTARY UI WORKSHEET

1. **$21,000**_____ **x** _____**3.0% = A. $630.00**_____
   Projected UI taxable   Your assigned rate   Projected UI contributions
   wages for the year.   from the DE 2088A.   due for the year.

2. **$21,000**_____ **x** _____**2.8% = $588.00**_____ **+ $6.65**_____ **= B. $594.65**_____ **$35.35**_____
   Projected UI taxable   The rate shown *as*   Projected UI contributions   VUI payment   Total projected UI   Projected Savings
   wages for the year.   option 1 *ON THE DE 2088A*. due for the year.   contributions for the year. *(A - B)*

3. **$21,000**_____ **x** _____**2.6% = $546.00**_____ **+ $144.32**____ **= C. $690.32**_____ **$ 0**_____
   Projected UI taxable   The rate shown *as*   Projected UI contributions   VUI payment   Total projected UI   Projected Savings
   wages for the year.   option 2 *ON THE DE 2088A*. due for the year.   contributions for the year. *(A - C)*

4. **$21,000**_____ **x** _____**2.4% = $504.00**_____ **+ $281.98**____ **= D. $785.98**_____ **$ 0**_____
   Projected UI taxable   The rate shown *as*   Projected UI contributions   VUI payment   Total projected UI   Projected Savings
   wages for the year.   option 3 *ON THE DE 2088A*. due for the year.   contributions for the year. *(A - D)*

If B, C, or D is less than A, then a savings may be realized.

VOLUNTARY UI WORKSHEET

1. **$**_____ **x** _____**% = A. $**_____
   Projected UI taxable   Your assigned rate   Projected UI contributions
   wages for the year.   from the DE 2088A.   due for the year.

2. **$**_____ **x** _____**% = $**_____ **+ $**_____ **= B. $**_____ **$**_____
   Projected UI taxable   The rate shown *as*   Projected UI contributions   VUI payment   Total projected UI   Projected Savings
   wages for the year.   option 1 *ON THE DE 2088A*. due for the year.   contributions for the year. *(A - B)*

3. **$**_____ **x** _____**% = $**_____ **+ $**_____ **= C. $**_____ **$**_____
   Projected UI taxable   The rate shown *as*   Projected UI contributions   VUI payment   Total projected UI   Projected Savings
   wages for the year.   option 2 *ON THE DE 2088A*. due for the year.   contributions for the year. *(A - C)*

4. **$**_____ **x** _____**% = $**_____ **+ $**_____ **= D. $**_____ **$**_____
   Projected UI taxable   The rate shown *as*   Projected UI contributions   VUI payment   Total projected UI   Projected Savings
   wages for the year.   option 3 *ON THE DE 2088A*. due for the year.   contributions for the year. *(A - D)*

If B, C, or D is less than A, then a savings may be realized.